



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

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**Date:** 5/10/2006

**GAIN Report Number:** E36074

## EU-25

### Trade Policy Monitoring

### Ag EU Draft Budget for 2007

### 2006

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**Report Highlights:**

The European Commission has proposed its budget draft for 2007. The Ag budget, including marketing measures and direct aids, is 43,359 million euros, almost the same than in 2006 and slightly below the ceiling approved in the financial perspective 2007-2013 by the EU Summit in December 2005 (44,753 million euros). Rural development funds increased about three percent from 2006 up to 37,661 million euros

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2]  
[E3]

The proposed agricultural budget in 2007 is almost the same as in 2006, with an increase of less than one percent from the previous year. The budget for Pillar 1, which includes marketing measures and direct aids, was 43,359 million euros, slightly below the budget ceiling approved in the financial perspective 2007-2013 by the EU Summit in December 2005 (44,753 million euros).

Over six percent of the budget has moved from marketing measures to direct aids, mainly due to the implementation of the sugar, cotton and tobacco reform. Other declines are registered in the milk and beef marketing measures, which are in the transitional period. The decoupled direct aids have almost double their budget, where the Single Area Payments (EU-15 + 2) show the highest increase. And a sharp cut in other direct aids, which includes Cereals, Oleaginous & Protein area payments; arable crop payments; beef, sheep & goat and milk premiums...

Rural development funds increased about three percent from 2006 up to 37,661 million euros. The most important change is the implementing of the new financing instrument, the new European Agricultural Fund for Rural Development (EAFRD), which replaces the complex system that involved the EAGGF Guarantee, EAGGF Guidance and others.

The title of Health and Consumer Protection has increased to include sections on veterinary & animal welfare, food & feed control and EFSA.

The budget should be adopted in December 2006, according to the [budget procedure](#).

Budget Chapter		2006	2007	Change
<b>Admin on "Agriculture"</b>	<b>05 01</b>	<b>112.1</b>	<b>124.2</b>	<b>+12.1</b>
Cereals	05 02 01	700.0	694.0	-0.6
Rice	05 02 02	4.0	2.0	-0.2
Processed Food	05 02 03	415.0	344.0	-71.1
Food Programs	05 02 04	268.0	278.0	+10.0
Sugar	05 02 05	1 376.0	235.0	-1 141.0
Olive Oil	05 02 06	35.0	48.0	+13.0
Textile Crops	05 02 07	969.0	21.0	-948.0
Fruit and Vegetables	05 02 08	1 544.0	1 407.0	-137.0
Wine	05 02 09	1 494.0	1 411.0	-83.0
Promotion	05 02 10	52.0	43.8	-8.2
Other plant	05 02 11	297.6	295.6	-2.0
Milk	05 02 12	858.0	618.0	-240.0
Beef and Veal	05 02 13	388.0	152.0	-236.0
Sheepmeat	05 02 14	p.m.	p.m.	/
Pigmeat/Eggs/Poultry	05 02 15	164.0	149.0	-15.0
Sugar restructuring	05 02 16	/	p.m.	/
Irregularities	05 02 99	-56.0	p.m.	/
<b>Total Market spending</b>	<b>05 02</b>	<b>8 508.6</b>	<b>5 698.4</b>	<b>-2 810.2</b>
Decoupled Direct Aids	05 03 01	16 375.0	30 709.0	+14 334.0
Of which: -SFP (EU-15 & 2)		14 635.0	28 424.0	+13 789.0
-SAPS (8 NMS)		1 740.0	2 285.0	+545.0
Other Direct Aid	05 03 02	18 105.9	6 483.6	-11 622.3
Additional Amounts	05 03 03	347.0	468.0	+121.0
Others / Irregularities	05 03 04/99	-11.0	p.m.	/
<b>Total Direct Aids</b>	<b>05 03</b>	<b>34 816.9</b>	<b>37 660.6</b>	<b>+2 743.7</b>
<b>RURAL DEVELOPMENT</b>	<b>05 04</b>	<b>12 012.2</b>	<b>12 366.2</b>	<b>+354.0</b>
<b>Pre-accession (SAPARD)</b>	<b>05 05</b>	<b>299.8</b>	<b>48.3</b>	<b>-251.5</b>
<b>International agreements</b>	<b>05 06</b>	<b>5.8</b>	<b>6.2</b>	<b>+0.4</b>
<b>Audit of ag. Expend.</b>	<b>05 07</b>	<b>-390.3</b>	<b>-64.0</b>	<b>+326.3</b>
<b>Policy coordination</b>	<b>05 08</b>	<b>42.4</b>	<b>40.2</b>	<b>-2.2</b>
<b>TOTAL Chapter 05</b>		<b>55 407.4</b>	<b>55 880.1</b>	<b>+472.7</b>

In € million	2006	2007 pdb	Change
Disease eradication	209.5	209.5	0.0
Vet/Animal welfare	10.0	15.0	+5.0
Emergency animal health	48.0	48.0	0.0
Plant health	2.5	2.5	0.0
Other / earlier measures	p.m.	p.m.	/
Food & Feed control	8.5	20.0	+11.5
EFSA	46.6	57.0	+10.4
International Agreements	0.2	0.2	0.0
<b>TOTAL</b>	<b>325.3</b>	<b>352.2</b>	<b>+26.9</b>

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Report Number	Title	Date Released
<a href="#">E35193</a>	New EU Rural Development Regulation adopted	10/03/2005
<a href="#">E35232</a>	UK makes new proposals for 2007-13 EU budget	12/08/2005
<a href="#">E35083</a>	EU Draft Budget for 2006 sees 3.6% increase in agricultural expenditure	04/28/2005
These reports can be accessed through our website <a href="http://useu.usmission.gov/agri/">http://useu.usmission.gov/agri/</a> or through the FAS website <a href="http://www.fas.usda.gov/scripts/attacherep/default.asp">http://www.fas.usda.gov/scripts/attacherep/default.asp</a> .		